

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Mail Processing Network Rationalization
Service Standard Changes, 2012

Docket No. N2012-1

**UNITED STATES POSTAL SERVICE NOTICE OF FILING LIBRARY REFERENCE
USPS-LR-N2012-1/NP25 AND APPLICATION FOR NONPUBLIC STATUS**
(April 27, 2012)

In accordance with Rule 31(b)(2), the United States Postal Service provides notice today that it files the following Category 4 Library Reference:

USPS-LR-N2012-1/NP25 Materials Responsive to POIR 7, Q1(c) [Nonpublic]

Pursuant to 39 C.F.R. § 3001.31(b)(2)(ii) and (iii), the Postal Service files this library reference as part of its response to POIR 7, Q1(c). This library reference was developed under the supervision of witness Neri (USPS-T-4), and it is not an update of or revision to another library reference.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**UNITED STATES POSTAL SERVICE APPLICATION FOR NONPUBLIC
TREATMENT OF USPS LIBRARY REFERENCE USPS-LR-N2012-1/NP25**

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) applies for nonpublic treatment of certain data filed under seal with the Commission. The materials covered by this application consist of data that reveal disaggregated workhour information, segregated by facility, for processing operations assigned to Express Mail and Priority Mail. The specific operation codes that include this data are described in the preface to USPS Library Reference USPS-LR-N2012-1/86.

By operation of 39 U.S.C. § 410(c)(2), information of a commercial nature, which under good business practice would not be publicly disclosed, is not required to be disclosed to the public. The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). Because the requested information filed nonpublicly in this docket falls within the scope of information not required to be disclosed publicly, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their nonpublic treatment.

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

(1) The rationale for claiming that the materials are nonpublic, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The data designated as nonpublic consist of (a) commercial information revealing disaggregated workhour data, segregated by facility, for processing operations assigned to Express Mail and Priority Mail which, under good business practice, would not be disclosed publicly. Based on its long-standing and deep familiarity with postal and communications business and markets generally, and its knowledge of many firms, including competitors, the Postal Service does not believe that any commercial enterprise would voluntarily publish disaggregated workhour data that would permit competitors to deduce the relative volume levels associated with specific markets or delivery areas. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).²

(2) Identification, including name, phone number, and email address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

None.

² In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

(3) A description of the materials claimed to be nonpublic in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are nonpublic;

The responsive data consist of the disaggregated workhour information, segregated by facility, for processing operations assigned to Express Mail and Priority Mail.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the redacted information or information of a similar character or level of disaggregation were to be disclosed publicly, it is likely that the Postal Service would suffer commercial harm. This information is commercially sensitive to the Postal Service as a competitor in the expedited delivery market. Disclosure of disaggregated workhour data, segregated by facility, for processing operations assigned to Express Mail and Priority Mail would unfairly, to the economic detriment of the Postal Service, permit competitors to:

- gain specific insight into local Postal Service customer behavior;
- better gauge the size of the expedited delivery market in specific service areas;
- develop strategies for determining what marketing resources to devote to further penetration of specific local markets; and
- more keenly determine the direction in which to adjust the prices for their products that compete with Express Mail and Priority Mail.

Postal competitors with access to data reflecting facility-specific resources associated with Express Mail and Priority Mail operations could obtain valuable insight regarding the likely relative magnitude of Express Mail and Priority Mail volume in different markets, as defined by the service areas of specific facilities, to the economic

detriment of the Postal Service.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Identified harm: Public disclosure of disaggregated workhour data, segregated by facility, for processing operations assigned to Express Mail and Priority Mail in USPS Library Reference USPS-LR-N2012-1/NP25 would be used by competitors of the Postal Service to the detriment of the Postal Service.

Hypothetical: A competitor's representative obtains access to the data in USPS Library Reference USPS-LR-N2012-1/NP25. It analyzes the data to assess the nature and scale of that portion of the Postal Service's expedited delivery business consisting of Express Mail and Priority Mail originating in a particular market in which that competitor operates or seeks to operate. Based upon these data, the competitor assesses the extent to which it wishes to adjust its product offerings, prices, operations and marketing activities to compete for the volume represented by these data. That competitor gains valuable market intelligence without having to make an investment in research. The competitor then can tailor marketing and/or pricing campaigns to acquire customers' business with the consequent loss of volume, revenue and market share to the Postal Service, which has no similar ability to access data regarding its competitors expedited package volumes.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the materials filed nonpublicly should be withheld from persons involved in competitive decision-making in the relevant markets for competitive delivery products, as well as their consultants and attorneys.

Additionally, the Postal Service believes that actual or potential customers of the Postal Service for competitive products should not be provided access to the nonpublic materials.

(7) The length of time deemed necessary for the nonpublic materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that nonpublic materials shall lose nonpublic status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the foregoing reasons, the Postal Service requests that the Postal Regulatory Commission grant its application for nonpublic treatment of the above-described materials appearing in USPS Library Reference USPS-LR-N2012-1/NP25.